

**Jurisdiction 2 Part A/Part B Medicare Administrative Contractor for
Alaska, Idaho, Oregon and Washington
(J2 A/B MAC) Award**

-- National Heritage Insurance Corporation --

Qs and As

May 2008

Q: What company has been awarded the contract for the J2 A/B MAC workload?

A: National Heritage Insurance Corporation (NHIC) has been awarded the contract for the J2 A/B MAC.

Q: What states are included in A/B MAC J2?

A: The states included in J2 are Alaska, Idaho, Oregon and Washington.

Q: What are the major contractual differences of the A/B MACs compared to the current fiscal intermediaries (FIs) and carriers?

A: The claims administration workload for each A/B MAC is being awarded through full and open competition conducted in accordance with the Federal Acquisition Regulation. Based on structured evaluation criteria, the proposal with the best value for the government will be selected in each procurement. The A/B MAC contracts are for the administration of both Medicare Part A and Part B claims in a specific geographic jurisdiction. They allow for performance incentives to be earned by the MAC.

The FI and carrier contracts historically have been competed to a limited number of contractors which may or may not have been the best qualified organizations to do the work. In addition, the carriers have had to be chosen from health insurance companies. The contracts for the FIs and carriers do not allow for performance incentives; rather they pay the contractor the costs incurred in conducting their operations.

Q: What is the effect of Medicare Contracting Reform on beneficiaries and providers?

A: Beneficiaries will have a single point-of-contact, connecting them to a seamless operations network for meeting their information needs. A beneficiary's first point of entry for resolution of questions about Medicare coverage will be 1-800-MEDICARE. The A/B MAC will handle only complex inquiries from beneficiaries.

The A/B MAC will serve as the point of contact for providers, physicians and practitioners for all claims-related business. Medicare contracting reform also will benefit providers with improved provider education and training by the A/B MACs.

Q: What type of contract has been awarded for the J2 A/B MAC workload?

A: The J2 A/B MAC was awarded under a cost-plus-award-fee contract. The period of performance for the contract is a base period with four 1-year options. The total value of the contract for the five year period is approximately \$148 million.

Q: Where is the J2 A/B MAC contractor's headquarters? Where will the work actually be performed?

A: NHIC is headquartered in Hingham, MA. Most claims processing operations will be performed in Marysville, CA and Camarillo, CA.

Q: When will the new J2 A/B MAC begin operations?

A: The implementation activities of the A/B MAC that are needed to move the Part A/Part B workload for the states included in Jurisdiction 2 will begin immediately. The MAC will complete the transfer of the claims and information from FIs and carriers and be fully operational no later than December 31, 2008.

Q: What FIs and carriers are currently processing claims for the states in J2?

A: The following are the current fiscal intermediaries (FI) and carriers administering the program in J2 and the states they serve:

- CIGNA Government Services (carrier for Idaho)
- Mutual of Omaha Insurance Company (FI for some providers in Alaska, Idaho, Oregon and Washington)
- Noridian Administrative Services (FI and carrier for Alaska, Oregon and Washington; FI for Idaho)

Q: How will staffing be affected as work moves from the current FIs and carriers to the J2 A/B MAC?

A: With the award and implementation of the new contract, the MAC for J2 will be performing the claims administration work that had been distributed among three contractors. Fewer staff will be required to perform the full scope of activities because of the consolidation of the contracts.

For more specific questions regarding staffing please contact the Contracting Officer, Cathy Baldwin at cathy.baldwin@cms.hhs.gov or 410-786-5791.

Q: Does NHIC plan to offer employment to any staff of the FIs and carriers currently serving the states covered by J2?

A: NHIC is under no obligation to offer positions to any of the staff at the incumbent contractors, and did not include this in their proposal submitted in response to the RFP for J2.

Q: How many beneficiaries and providers are there in J2? What percent of the national claims workload is accounted for in this Jurisdiction?

A: As of March 31, 2007, approximately 1,602,223 Medicare beneficiaries and 233 Medicare hospitals are located in the four states comprising this jurisdiction. Also, as of March 31, 2007, approximately 54,876 physicians and practitioners provided services in this area.

With respect to the workload, approximately 2.9% of national Medicare fee-for-service claims are in this jurisdiction.

Q: Did the winning contractor have any subcontracts? If so, what services will the subcontractor provide?

A: As the J2 A/B MAC, NHIC is subcontracting with National Government Services, headquartered in Indianapolis, IN, to provide some claims processing, provider customer service, appeals, medical review and audit and reimbursement.

Q: What are NHIC's plans for call center operations?

A: NHIC will comply with all CMS requirements on call center operations and will ensure that local times are taken into consideration when establishing hours of operation in the states covered by J2.